



# **Global Trade - Danger Ahead!**

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## ***SLIDE 1***

### **Introduction**

Thank you for that kind introduction.

The Christian Embassy has been a good and supportive friend to me, my husband and family for many years.

My Dad, John Reimer, was an MP from Kitchener ON during the 1980s and early 1990s.

My husband, Dave, worked as a political staffer from 1992-2010.

Both of them are thankful for the prayer support they received, events they attended and fellowship they enjoyed while serving on the Hill.

Our family had the pleasure of welcoming a Colombian ambassador and his family to our home for dinner some years ago.

I have a profound respect for those who dedicate their lives to public service. And to those who support them with prayer. And so it is a great privilege to be with you today.

### **Setting the Context**

Our topic today is "Global Trade – Danger Ahead!"

That's a complicated topic to handle in a few minutes!

But I'll do my best from my perspective as someone who:

- Became interested in trade-related issues in my teens after watching my Dad run in the 1988 “free trade election”
- Studied Canadian trade policy and how international dispute settlement mechanisms worked throughout my undergraduate and graduate education; and then
- As someone has been involved in trade policy, trade negotiations and trade adjudication professionally since the mid 1990s.

## **SLIDE 2**

Let me start by setting the context for those of you who aren’t that familiar with our topic.

The Great Depression and WW2 motivated countries to work together to establish global institutions that would promote global peace, security and economic stability.

They had seen the devastating consequences of economic protectionism.

- How when countries shut their borders to others...turned a blind eye to the internal affairs of another, military aggression and global war would destroy hundreds of millions of lives.

The General Agreement on Tariffs and Trade – the GATT – was one of those institutions.

- It was built on the premise that rules-based trade would benefit all countries irrespective their political power or level of economic development.

All Members of the GATT would enjoy certain trading rights provided they also accepted the responsibilities...the obligations...of working side-by-side within the global trading system.

Liberalization became the foundation of trade policies and the watchword for businesses around the world.

The GATT’s trade rules and obligations intensified, culminating in the creation of the World Trade Organization (the WTO) in 1995.

## **SLIDE 3**

Countries also built on the WTO’s rules by negotiating bilateral, regional and multilateral trade agreements:

- Canada US Free Trade Agreement;
- NAFTA (or now the Canada US Mexico Agreement),
- Canada-EU Trade Agreement (CETA), and;

- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), just to name a few.

These agreements helped countries address increasingly complicated and politically-charged trade issues – agriculture, trade remedies, e-commerce, intellectual property, biotechnology – in a rules-based forum.

- Disputes could be resolved fairly and impartially, notwithstanding the relative economic or political power of the countries involved.

These agreements also helped countries tackle how trade could address:

- Poverty in the developing world;
- On-going peace and security after the fall of communism and in the wake of 9-11.

In short, liberalization encouraged countries to work together to promote global security and economic prosperity.

- Imperfect and incomplete security and prosperity, no doubt.
- But security and prosperity indeed.

The global trading system worked because countries held a common sense of purpose and resolve.

- They trusted the institutions they had created together.
- They agreed those institutions could serve not only their national interests, but international interests too.

That resolve, however, started to weaken in the early 2000s.

The rise of populism and the financial crisis of 2008 caused cracks to emerge.

- Countries began to lose faith in the WTO's rules and institutions.
- WTO members, for example, could not get the ambitious Doha Development Agenda off the ground.

#### **SLIDE 4**

Countries allowed protectionist sentiments to overtake the centrality of liberalization in their economic and trade policy frameworks.

In some cases, this happened overtly and abruptly.

In others, subtly and almost imperceptibly.

The result, however, was...is...the same.

The foundation of the global trading system – liberalization - has been endangered as barriers to the free flow of goods and services have been put in place.

The overt and abrupt examples are obvious.

- The US blocked institutional reform at the WTO by refusing to appoint a new Director-General to head the Organization and new members to its Appellate Body to resolve trade disputes between its members.
- China blocked imports of Canadian canola on false and arbitrary grounds.
- The UK walked away from the EU, throwing Europe's common market into disarray.
- The US put tariffs on steel and aluminum imports under the guise of national security.
- Michigan is threatening to choke off Canadian oil and natural gas through the Line 5 pipeline even though it has been in operation since 1953.

The subtle examples, while not as obvious on their face, are equally concerning.

- Most of them have been done under the guise of non-trade related socio-economic or environmental policy objectives, legitimate as they may be.
- Nevertheless, some of these issues become tariffs in disguise. As such they pose real risks to the free flow of goods and services around the world.

Consider the issue of “Buy Local.”

Many countries, including Canada, gear their trade policies toward reducing trade deficits by increasing export volumes relative to import ones.

- Nevertheless, at the same time, they urge their consumers to “Buy Local.”
- It's a contradiction in terms.

To be sure, “Buy Local” policies have their merits.

- They make sense in the context of COVID, for example, as countless small, local businesses have been forced to the brink.

But “Buy Local” disrupts vital regional, continental and global supply chains.

As such, it has significant implications for businesses and consumers alike.

- Businesses – big and small - rely on supply chains for the necessary inputs for their production processes.
- Consumers count on them for a diverse range of affordable goods in the marketplace.

Taken to the extreme, “Buy Local” fuels large-scale protectionist policies like Buy America:

- A policy that has reared its head in the US for many years, but was made all the more dangerous in recent months.

Buy America threatens to exclude Canadian businesses from hundreds of millions of dollars-worth of American infrastructure projects even though many Canadians:

- Are part of well-functioning North American supply chains and business structures;
- Have sold to the US government for years; and
- Provide value for US taxpayers because their goods are often cheaper than their American counterparts.

## **SLIDE 5**

### **So now what? Is the global trading system in danger?**

Do we just throw our hands up in despair?

The answer is no...

No, in that producers and manufacturers have the necessary frameworks to succeed given the web of bilateral, regional and multilateral free trade agreements presently in place.

No, in that countries, including the new Biden Administration, are talking about how they can deal with the WTO's systemic challenges and hopefully get it back on track.

And no in the sense of the challenges facing Canada.

- In 2010, Canada secured exemptions from the Obama Administration's version of Buy America.
- Strong government-to-government and business-to-business relationships worked then and should, therefore, help Canada this time around.
- Significant efforts are presently underway to remind the US of the benefits that Canadian suppliers bring to American infrastructure projects given our closely integrated economies.
- This will hopefully secure the waivers that Canadian businesses need.

But...and this is a big but...the global trading system will be in real danger should all countries, Canada included, not remember why they committed to trade liberalization in the first place.

How it has provided a solid framework of mutually beneficial rules and obligations;

- Rules that have offered secure and predictable market access to businesses.

How it has committed all countries – big and small – to take the necessary steps towards achieving economic prosperity in developing and emerging economies.

- Many challenges remain, to be sure, but steps have been taken nonetheless.

### **Making this Happen**

So now what? How can countries begin to solve the problems facing global trade?

As trite as it might sound, countries need to reaffirm the importance of working together within trade institutions for the sake of their collective security and prosperity.

Evidence confirms that international trade agreements work...but only when their members remain fully committed to their provisions.

- When they cede some of their own interests...sovereignty...for the sake of others.

This can't happen when governments and businesses pursue their own interests at the expense of everyone else's.

- Something we have seen on an alarmingly frequent basis as of late.

### ***SLIDE 6***

But can that actually happen in the real world?

- I appreciate that it sounds much like a talking point or academic thesis to actually have any real impact.

Yes, I do believe it can happen.

But it means we need to drill down deeper than just looking for solutions on a country-by-country basis.

What do I mean by that?

As a trade adjudicator, I experienced how trade disputes began when a business or producer ran into difficulties because of the manner in which trade rules were either:

- Negotiated in a certain trade agreement; and/or
- Implemented at the border.

The way I typically characterize that fact is that trade disputes start at home.

And so I would suggest that we need to consider global trading problems at the level of an individual for a moment.

Just as the problems facing the global trading system are caused by protectionism...which, in turn, is caused when countries pursue their interests, so too are the problems that we as individuals face when we pursue our own selfish ambitions or ego-centric preoccupations.

- When our raison d'être is only focussed on getting what is "mine!"

The solution?

Humility.

Humility requires us to look at what others need and how we can and should help them meet those needs.

Without humility, security, peace and trust fall to the way-side as faith in relationships erodes – on personal, business, political and diplomatic relationships, all.

Christians celebrated Easter last weekend.

Easter operationalizes humility.

- It shows us how the humility of the Lord Jesus Christ can save us from a problem far more dangerous than anything that could possibly endanger global trade.

Sin.

Easter reminds us how Jesus humbled himself by putting aside his own interests to die on a Roman cross for you and for me.

He declared that he came to serve and to give his life as a ransom for many.

He sacrificed himself for my sin and yours.

He solved the problem that we could never solve, no matter how much we wanted to or how hard we tried.

By extending us forgiveness, He offers us everlasting life, instead of eternal death and separation from a loving and holy God.

The Bible assures us that to receive the gift of forgiveness, all we need to do is ask...to acknowledge, by faith, that Jesus died for our sins on the cross.

When we do that, the Bible promises that we will be at peace with God.

- And given a new, secure way of living and thinking for this life and the next.

Taking that step of faith requires humility.

- We have to confront...and confess...the ugly reality that we are sinful - full of selfish ambition and pride.

If and when we do that, the Bible says that we will be transformed.

This process will then unfold over the course of our lives. It will cause us to gradually see that everything...who we are, what we have, what we do – individually and professionally...everything belongs to him.

## ***SLIDE 7***

Consider what Abraham Kuyper, Prime Minister of the Netherlands between 1901-1905, once said:

- “There is not a square inch in the whole domain of our human existence over which [Jesus] Christ, who is Sovereign over all, does not cry ‘Mine!’”

As we accept this truth, our work as diplomats, Parliamentarians, business leaders will enable us to practically begin addressing the problems facing our world.

- Including global trade

A humble mindset will help us recognize that we must cede some of our own sovereignty for a bigger purpose.

- The security and prosperity of others, so to speak.

A humble mindset will enable us to begin putting the interests of others on par with, or even ahead of our own – on a personal, commercial, political and dare I say it, national and international level too.

We will choose to honour our commitments instead of just insisting on our rights.

- To serve not just friends, but our opponents too, to achieve a common good.

Think of what our world might look like should we, as political, diplomatic and business leaders live this way?

And so, I sincerely submit to you, that the most basic...yet profound...answer to our global trading problems is humility.

## ***SLIDE 8***

### **Conclusion**

Let me leave you with this.

Konrad Adenauer was the Chancellor of West Germany from 1949-1963.

- He once asked Billy Graham, “What is the most important thing in the world?”
- Before Billy Graham could speak, Adenauer answered his own question...

“The resurrection of Jesus Christ is the most important thing there is. If Jesus Christ is alive, there is hope for the world. If he is still in the grave, then I don’t see the slightest glimmer of hope.”

The Easter story declares the fact that Jesus Christ is alive. He is risen indeed.

Jesus brought hope to the world through his willingness to serve us in profound humility by dying in our place on the cross.

He offers that hope to us, as individuals. We can therefore offer it within our communities, countries and yes, our global trading system too.

Thank you.